



To: Members of the Michigan House Appropriations Committee

From: Andy Johnston, Vice President of Government Affairs

Date: December 2, 2015

Subject: Opposition to HB 5105 – HICA Tax Extension

On behalf of the Grand Rapids Area Chamber of Commerce and our 2,300 members, I ask you to oppose House Bill 5105.

Health care costs are a top concern for West Michigan businesses. House Bill 5105 will increase health insurance costs for businesses, employees and consumers by extending the life of the Health Insurance Claims (HICA) Tax to September 30, 2025 and removing the credit for job providers, effectively removing the statutory cap.

We ask that you oppose this uncompetitive tax increase on employers and avoid a more than a \$2.5 billion increase on the cost of health care in Michigan over the next 10 years.

HICA was first passed in 2011 as a replacement for the Medicaid Managed Care Use Tax, which has been the subject of federal concern. We believe the federal government is wrong in their interpretation and strongly support our Michigan leaders who have challenged the federal government.

With a current sunset of December 31, 2017 on the HICA Tax, we see no clear or compelling reason to act now, especially before all avenues of appeal of this potentially devastating ruling by the federal government are exhausted.

Job providers have shouldered the multi-million dollar HICA Tax burden and are opposed to ten more years of this temporary tax. Furthermore, they oppose the elimination of the statutory revenue cap, an important protection for payers of the tax.

For the sake of our state's competitiveness, the health of Michigan's citizens and the ability of Michigan businesses to continue to offer health insurance coverage, please OPPOSE HB 5105 and increasing the lifespan of this uncompetitive tax.

If you have any questions, please contact Andy Johnston, Vice President of Government Affairs at 616.822.1878 or johnstona@grandrapids.org. Thank you for your consideration.